

Legislative Health Reform Task Force

Remarks by Lane Beattie and Chris Redgrave

June 18, 2008

[LANE]

Good morning. Thank you for the opportunity to provide input to this important process.

I want to personally thank Senator Killpack, Representative Clark and Senator Niederhauser for reaching out to the business community on this important issue.

Senator Niederhauser, thank you for your accurate summary of the input that you have received from the business community. We thank you for taking the time to learn about these issues and help find business solutions.

Our comments today are meant to complement what you have already heard from Senator Niederhauser.

Chris Redgrave, the General Manager of the Bonneville Radio Group, joins me here at the table. Chris is the Chairperson of the Salt Lake Chamber Board of Governors.

Our purpose is to speak loudly and clearly about the need for change. We will also try to provide ideas for solutions.

More than anything else, we want you to know with confidence what the business community is asking for and that we will support you in making BOLD recommendations this fall.

And our message is simple – **if we don't fix Utah's health system we will lose our economic competitiveness as a state and nation.** We face an economic imperative to act.

And if you take one thing from our remarks, let it be this:

The status quo in health care is unacceptable to Utah businesses.

Let me say that again.

The status quo in health care is unacceptable to Utah businesses.

It is not unlike the Titanic crossing the Atlantic. We are floating on a gigantic health system ship that is sinking. And the more water that comes pouring in, the more rapidly we sink.

I fear we are not far from the breaking point when our economy and, most importantly, the people of Utah will suffer significantly because today's leaders failed to act.

I've asked Chris to set the context so that you know exactly what motivates the business community to request bold action from the Utah Legislature.

[CHRIS]

Thank you Lane. I'm happy to be here on behalf of the 4200 members of the Salt Lake Chamber to advocate bold action.

The Salt Lake Chamber has members in all of Utah's 29 counties and represents one in every three jobs in Utah. We are Utah's largest business association and business leader. Our members have a major stake in health system reform because employers purchase health insurance for the vast majority of insured Utahns.

Let me be very clear about what Utah's business leaders are saying. Our number one concern is skyrocketing health care costs.

Compared to just nine years ago, Utah employers are paying 100 percent more for the health benefits that they provide to their employees.

That's right ... premium costs have doubled and there appears to be no end in sight. We face ever-rising costs and find ourselves grappling for more accountability in a health care system that has spun out of control.

The evidence of our dysfunctional, wasteful and unsustainable system could not be clearer.

As business leaders we have no choice but to demand change. Consider these indicators of our broken system:

- Experts estimate that American workers have given most or all of their pay increase to the health system for the past eight years. We are paying our employees more, but it is all eaten up by our wasteful health system.
- Business are dropping health insurance benefits in Utah faster than any other state, falling from 57 percent as recently as 1998 to 44 percent today.
- The system is unfair because those who are insured pay premiums that are 10-20 percent higher to help pay for those who are insured. It is called "cost-shifting" and it creates an un-level playing field in the business community because companies who do provide insurance often pay for the health care received by their competitors. It's simply wrong.

Let it be a matter of the public record that Utah faces a health care cost crisis ... that our current system is unsustainable ... that we are beyond the critical stage ... and that Utah's business community is unified in asking for change.

With that, I will turn the time back to Lane to outline some ideas to fix our system.

[LANE]

Thank you Chris. That was a great summary of the need. Now let's talk about what needs to happen.

In a word, what business is asking for is ACCOUNTABILITY. We have it in our businesses, we have it in our civic life, we have it in our personal lives. We DO NOT have accountability in our health system.

Health care consumers do not know how much things cost, they generally do not know who pays these costs, and they do not know the quality of services rendered. They make decisions based on almost no information, and, as a consequence, any notion of "value" is missing from our system.

We must transform our system so that everyone – patients, providers, purchasers, payers and political leaders – are accountable for their actions. And to be accountable, they need information.

So step number one is give the public complete **transparency**. We need to know the quality and cost of health care, including insurance information like denial rates. We need tools to access this information in a reader-friendly format available to all. We applaud the work of the Utah Health Information Network. We support the work from HB133 to create a portal for transparency to happen. We ask that you strengthen and accelerate these and other transparency efforts.

Step number two is to **define the basic benefit**. More than 300,000 Utahns lack health insurance. We want all of them to be insured, but we haven't defined what it means to be

insured. We need to grit our teeth and do this, as difficult as it is.

Step number three, we have to get our hands around **utilization** – the most significant cost driver that we can control. The incentives in our system to increase utilization are everywhere – physicians professional fees, defensive medicine, advertising of prescription drugs, patient expectations, self-referral, lifestyle choices ... the list goes on and on.

On the flip side, patients utilize health care services with almost no information regarding the cost and quality and often by using other people's money.

What can the Utah state legislature do? A lot. You can make sure complete information is available to the providers and consumers of health care. You can change the regulatory environment to better facilitate coordination and cooperation among providers. You can aggressively fund innovations in health information technology and electronic medical records. You can facilitate changes in health insurance rating practices. You can make it easier for small employers to benefit from Section 125 plans. This is just a sampling of the good things that you can do.

Step four, we favor a **market-based system**. Effective and fair competition in a responsibly regulated free market system will deliver greater value for both employers and individuals. So as you optimize public programs and create a regulatory structure for the private market, remember the value of the market in allocating resources.

Step five, we need **portability** of health plans. People's health care coverage should move with them as their circumstances change. This may mean that we move toward individually-based coverage. That's okay, and in many ways

desirable, so long as individuals are able to purchase competitive health plans with fair tax treatment.

Now there are many, many more specific things that we need to change. And, the business community looks forward to working with you every step of the way.

But the most important take away to this task force must be this – and it is something that Representative Clark has said many times – “Real change, requires real change.”

Don’t tinker at the edges. Be bold. Now is the time to act. Rethink traditional ways of doing things. Keep Utah in a leadership position when it comes to health care.

At our recent Chamber Board retreat we surveyed the 65 business leaders in attendance about health reform. A stunning 94% felt that Utah would be advantaged if we preempted federal reform efforts to enact state-based health system reform.

That’s right – 94% of the most prominent business leaders in the state, representing small and large businesses and one in very three jobs, are asking you to enact state-based health reform.

And for good reason. I don’t know how many of you have looked at the health reform plans of Senator Obama and Senator McCain, but I have. And, let me tell you – they do not pass Utah’s business test. Neither of their proposals curbs runaway utilization. Neither of their proposals relies sufficiently on the market. Neither of their plans recognizes Utah’s uniqueness (such as low costs, healthy people and tech-smart).

Utah’s business community recommends a conservative, business-minded approach to health system reform that

relies primarily on the private market and encourages personal responsibility. Our top priority is to contain costs because everything else flows from this.

Let us use this time to return value to our system, to make it more accountable, to consider novel approaches, and to be deserving of our recognition as the best managed state in America.

May I thank each of you for your public service. Your personal sacrifice to be in the role that you are in is well known to me. And I pledge that Utah businesses will be there with you as reform our health system to strengthen our economy and help Utahns lead longer more productive lives.

Thank you.